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Outlook Highlights

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FARMERS' cash receipts from marketings during the first 5 months of this year were about 10.9 billion dollars—slightly more than in the same period last year, although prices this year have averaged 6 percent lower.

Receipts from livestock and products for the 5 months were down 4 percent; receipts from crops, on the other hand, were substantially higher than a year ago.

Receipts from wheat, cotton, and potatoes especially were well above the same period of last year.

Receipts from meat animals and from poultry and eggs during the 5 months were a little below last year, chiefly because of price declines. But receipts from dairy products were up slightly with prices averaging higher than in the same period last year.

Farmer Gets Smaller Share Of Food Dollar

Food marketing costs have gone up during the past 12 months. As a result of an 8-percent increase for assembling, processing and distributing, consumers in April were paying 3 percent more for farm foods in the family market basket than a year earlier, although the farm value was down 2 percent. Farmers got only about 48 cents of the consumer's dollar, spent for the foods in the market basket, compared with 51 cents a year earlier.

Mortgage Debt Up 8 Percent

Farm-mortgage debt continued to rise in 1951 for the sixth consecutive year, reaching a total of $6,299,576,000 on January 1, 1952. This type of debt was 8 percent larger than a year earlier, one of the largest percentage increases noted since 1920.

The increase during 1951 lifted farm-mortgage debt to about the levels of January 1942, when it totaled $6,372,-277,000. However, the January 1952 total was still well below the $10,785,-621,000 peak recorded on January 1, 1923. Also, the value of mortgageable property in January 1952 was much higher than in either 1942 or 1923.

Land Values Steadier

Farm land values increased 2 percent from last November to this March, only a fourth as much as during the same period a year earlier. The March index was 9 percent above a year earlier, however, and almost a fourth higher than just before the Korean outbreak.

Major factors helping to slow down the rate of increase last winter and early spring were the general softening of commodity prices and rising farm costs. The cost-price squeeze makes buyers look longer, think more seriously and buy slower than a year ago. And it also makes it hard for the tenant and young man to make a down payment on a farm and buy the necessary stock and equipment.

Prices Received and Paid

Prices received by farmers rose slightly from mid-April to mid-May, mainly because of a sharp increase in the price for hogs. Changes in prices for other meat animals were small, with cattle and calves up slightly and sheep and lambs down. Meat animal prices averaged 6 percent below the same month last year. Increases were partially offset by lower prices for dairy and poultry, cotton, hay, wheat, oats, barley, sheep, lambs, tomatoes and onions. Mid-May index was up 1 percent from mid-April but was about 4 percent below a year earlier. Fruit and "other vegetables" were the only crop indexes making significant price gains from mid-April to mid-May.

Prices paid by farmers for commodities used in production continued to inch upward, regaining the previous high first established last February. Rural living costs remained unchanged.

The rise in prices received and a sustained level of prices paid by farmers raised the parity ratio from 100 to 101. This compares with 108 in May a year ago.

Milk Production Prospects

Total production of milk first 4 months of this year was 36 billion pounds. This compares with 36.2 billion in the same period last year. The

(*Continued on page 13*)

More People Now, With Little Increase in Milk Production

Big Increase, However, in the Quantity of Non-fat Milk Used for Food . . . Good Milk Not Marketed Before Now Goes to Town

STRIKING changes have occurred in the dairy industry during the past decade. It is interesting to pause here in dairy month 1952 to consider some phases in the progress and present status of this important industry. A large number of Americans have an interest in milk. This stems from the facts that milk is produced so generally over the whole country, is consumed by such a large proportion of the people, and is crucial in the supplying of important food nutrients.

One of the striking developments of recent years has been the comparatively steady production of milk in contrast to an increase in farm production as a whole and a substantial increase in the population of the country. Milk production in 1951–52 has been at a level approximately the same as in 1941, while the number of people in the country at the beginning of 1952 was larger by more than 20 million. Production of milk per person in this country has reached a record low of about 730 pounds for this calendar year, compared with the 1935–39 average of 820 pounds.

Changed Situation Explained

How, we may ask, has this sharp downward adjustment occurred without causing many dislocations, if not actual shortages?

One important factor accounting for the decline in milk output has been the substantial decrease in demand for butter in the past decade; and in the years since World War II a drop in export demand for all dairy products. These two developments together, have resulted in a relatively larger proportion of available milk production being used for domestic consumption of products other than butter.

Secondly, the increase in consumer incomes and stronger export demand for several recent years has resulted in a greater increase in demand for other farm products than for dairy, tending to pull resources away from farm milk production. With relatively better incomes available to farmers, on a person basis, from such items as cash grains and meat animals, many farmers have decided not to milk cows.

Recent results from the 1950 Census of Agriculture indicate the magnitude of the decline in number of farmers milking cows. Considering the Nation as a whole, for every 5 farmers selling milk or dairy products in 1945, only 4 farmers were selling these products in 1950. Even with this drop, 2 million farms sold dairy products in 1949. This represents 37 percent of farms reported in the 1950 census. Total cash receipts from the sale of dairy products for 1951 were 4.3 billion dollars, the highest on record, except for the 4.4 billion dollars of 1948.

In 1950 and 1951 the income from dairying represented 13 percent of the cash receipts from the sale of all farm products. This was the smallest percentage accounted for by dairy products in 25 years of record; during the decade of the 1930's, dairy products accounted for 18 percent of total cash receipts. This decline in proportionate receipts for dairy is another manifestation of the fact that income from dairy products fluctuates less over time than farm income from any other major source. Dairying, like other types of farming, however, is becoming more specialized, giving a relatively greater return on a per-farm basis.

Less Milk Needed For Butter

One reason that the adjustment to a lower level of per capita milk production has been so little noticed has been the declining consumption of butter. Butter consumption at the present time is only a little more than one-half of the 16.7 pounds consumed per person, per year from 1935 through 1939.

Several factors account for this decline, including some reduction in the use of fat-type table spreads, a de-

velopment associated with a decline in consumption of bread and potatoes, a conscious effort on the part of many people to restrict their intake of fats, and a replacement of the fat-type spreads by other types of products, such as cheese spreads, jellies and jams. Part of the decline in consumption of the so-called table spreads may have resulted from a decline in the use of those products in cooking and baking, since a greater variety of vegetable shortenings is now on the market than in years past.

To some degree the decline in butter consumption is associated with the increase in consumption of margarine. Per capita consumption of margarine now is nearly 7 pounds, compared with only 2.9 pounds in the 1935–39 period. Despite these sharp fluctuations in consumption of individual food fats, total consumption of visible fats per person has been relatively constant in the past 30 years, fluctuating between 40 and 44 pounds in most years since 1920. The source of these fats, however, has changed considerably: in the early 1920's, 70 percent was from animal sources and 30 percent from vegetable; in recent years, these two sources have contributed equally.

Despite the sharp drop in consumption of butter, consumption of milk fat per person has declined relatively little since prewar. ***Consumption of fluid milk and the manufactured dairy products together, have increased enough to almost offset the decline in consumption of fat in the form of butter.***

People Still Get Their Milk In One Form or Another

Judging the dairy industry on the basis of milk fat alone does not lead to the conclusion that the dairy industry is expanding. But on the basis of the industry's contribution of food through the solids-not-fat portion of milk, many advances are evident. In brief, what has happened is that large quantities of skim milk formerly fed to animals on farms or wasted, is now being sold by farmers and reaches consumers in the form of increased quantities of ice cream, cheese, and various skim-milk products, including nonfat dry milk solids, skimmed milk drinks and cottage cheese. Per capita consumption of solids-not-fat is now in excess of 45 pounds per person, compared with 40 pounds or less in most years prior to 1940.

Americans now use for food approximately 70 percent of the solids-not-fat of milk produced, compared with only about 50 percent in the 1920's and early 1930's. A large part of the remaining 30 percent of solids-not-fat of milk will find its way into food uses as markets become available for farmers now selling farm-separated cream. Moreover, as the needs arise for more milk for food some further shift will take place in the distribution of milk output. Areas which now depend entirely on the farm-separated cream markets more and more, will become areas where whole milk may be sold. Such a shift will add to the incomes of farmers and at the same time will help to better feed our ever-increasing population.

Herbert C. Kriesel
Bureau of Agricultural Economics

Grassland Congress at Penn State in August

Many Nations to Take Part

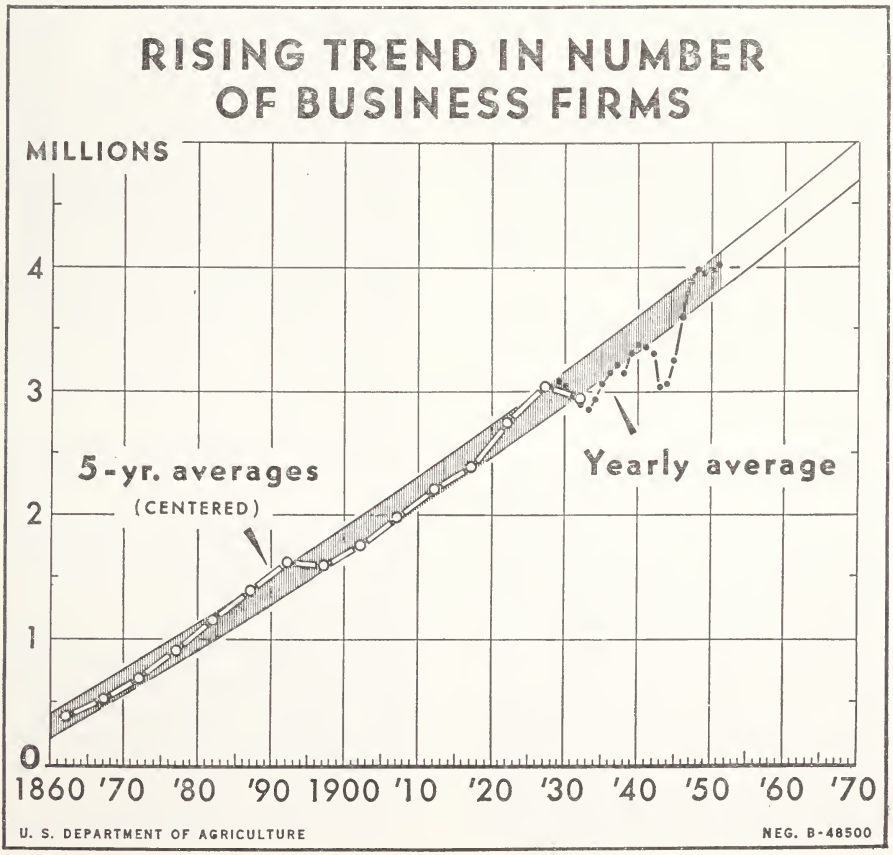
APPROXIMATELY 55 countries will be represented when the Sixth International Grassland Congress meets at Pennsylvania State College from August 17 to 23, according to W. R. Chapline, executive secretary of the Congress' Organizing Committee. The Congress is sponsored by the United States and the Food and Agriculture Organization of the United Nations.

The gathering will afford world leaders in grassland agriculture an opportunity to discuss such topics as the breeding and development of forage plants, the management and improvement of cultivated and range pastures, soil conservation and fertilization, seed production and harvesting, the harvesting and preservation of forage and its use in the production of meat, milk, wool, and other animal products. The Congress will provide scientific know-how to enable leaders in the participating countries to set up a more profitable and productive farming program.

Million More Business Firms Than in the Early Thirties

THE DECREASING employment in farming is in marked contrast to the continued rise in opportunities in commerce and industry. The number of farms that reached a peak of 6,812,000 in 1935 is now down to 5,382,000 at the latest count (1950), but the number of business firms in operation is now nearly a million greater than in 1935; and, apparently, is continuing a long-established upward trend that will mean jobs in an additional million enterprises for the oncoming generation.

Undoubtedly many farmers and farm boys will be drawn into these expanding non-farm opportunities during the 1950's and 1960's. The rate at which this shift will take place will, of course, depend on the general level of business activity and industrial employment. Just as there is a constant flow of farm persons into work or ownership opportunities in non-agricultural activities, so there is a certain but smaller flow of persons from cities and towns seeking work and ownership in farming. The net balance of these two movements usually is toward the cities, with relatively more persons moving



cityward in prosperity years than in depression times.

You can see something of this interplay between farm and city population movements and general industrial conditions in the relative decline in the agricultural labor force from 59 percent in 1860 to 17 percent in 1940. In the propserity decades ending with 1870, 1890, 1910, and 1930, there was an average decline in the farm share of the nation's labor force of about 6 percentage points. In the depression decades ending in 1880, 1900, and 1940, the farm to city movement was retarded and the average decline in the percentage of farm labor force in the total was about 4 percentage points.

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Mr. Bean's first article on *Farms and Firms* appeared in the May issue of the *Agricultural Situation*. It dealt with the recent rapid rise in the percentage of farmers owning the farms they operate. The concluding article in the series will deal with the changing relation between the number of farms and the number of firms.

★ ★ ★

The promise of more industrial opportunities and enterprises ahead becomes clear when the record of business firms in operation is placed in historical perspective. Business firms, as the Department of Commerce defines them, include the whole range of businesses from self-employed persons with no workers at all to the firms employing in the thousands.

Between 1929 and 1933 a number of firms went out of business and the total declined from 3,097,000 to 2,847,000. By 1940 that loss was more than made up but then came World War II and drew many self-employed persons and many small firms (with only one or two employees) into the armed services, or into more remunerative jobs. The rapid expansion in the number of firms in operation that began immediately after the war brought the total to a record of nearly 4 million in 1948 and to an average of 4,005,000 for 1951.

This annual record is directly in line with the trend shown by five-year averages from 1860 to 1930 which are derived by the Department of Commerce from the annual estimates published by Dun and Bradstreet. This marked persistent trend, checked only by the impact of major depressions or war shows that the present number of firms is about what one normally would have expected. This trend apparently has not been held back by the great economic changes that have taken place over the past 25 years, and continues in its course toward 5 million firms by 1970.

Louis H. Bean
Office of The Secretary, USDA

Can Costs Be Cut In Retailing Meat?

IN AN EFFORT to increase net returns to livestock farmers and to lower the cost of meat to consumers through more efficient marketing, the Bureau of Agricultural Economics and the State Agricultural Experiment Stations are beginning to study meat retailing. As such a large part of the cost of marketing livestock and meat arises from retailing, it is believed "that a small percentage reduction in costs at the retail level might do more toward increasing net returns to farmers and lowering costs to consumers than a similar percentage reduction in cents at other levels of marketing."

A study of meat retailing has just been completed and a forthcoming report is called, "Retail Meat Distribution in Topeka, Kansas." The research was made possible by the Agricultural Marketing Act (RMA Title II).

This report gives a general background of information as to the number and size of retail stores handling meat, their equipment and practices, where they get their supplies, the kinds of meat they handle, the margins they try to obtain, and their experiences as to cost under the conditions that existed at a particular time. In addition to this descriptive material, the report also analyzes the influence of volume handled and the services rendered on the costs of retailing a pound of meat. It also stresses the need for records of cost and volume, and the analysis of such records . . . as a guide to more rational managerial decisions and increased efficiency of retailing meat.

This study was made by V. John Brensike of the *Bureau of Agricultural Economics* and Harold M. Riley and C. P. Wilson of the *Kansas Station.*

Finding Out More About Retail Poultry Marketing

PRODUCERS, consumers, and retailers in every part of the country are interested in a more efficient poultry-marketing system. The primary object of all research in poultry marketing is to raise the level of efficiency and increase competition of the system. Consumers gain from improved quality and lower prices; producers and dealers gain from increased sales. Persons in one part of the country may be helped, to some extent at least, by the results of research in other sections.

Such a study was recently made of the economics of retailing chicken meat in the greater Los Angeles area. Kenneth D. Naden and George A. Jackson, Jr., of the University of California, Los Angeles, carried out one phase of the Western Regional Poultry Marketing Project by collecting data from 64 retail food stores from November 1949 to November 1950, and from other stores from January to June 1951. The study was made under the authority of the Research and Marketing Act of 1946, with the Production and Marketing Administration and the Bureau of Agricultural Economics cooperating. Here are some of the findings.

Quality Put Ahead of Price in Certain Stores

The price policy of individual retail stores was an important consideration in the quality of chicken carried by the different sizes and types of stores. With this in mind, it is not surprising that more U. S. Grade A chicken was found in service-conscious stores. These stores emphasized services such as credit, delivery, and the handling of high-quality products rather than low prices. In general, more service-conscious stores were found in high-rental neighborhoods than in lower-rental neighborhoods. Prices varied widely throughout the city at a given time for the same quality and form of chicken. A variation among stores of 16 to 18 cents a pound for two-thirds of the displays of chicken was quite common. Occasionally, the range from the highest to the lowest price was 30 cents a pound.

This variation in prices was caused by differences in quality; differences in the mark-up policies of the different stores; and differences in promotional policies. Other things being equal, chain stores charged from 1 to 3 cents a pound less than independent stores for fresh chicken and from 2 to 5 cents less for frozen chicken.

Size of Store Affects Price

Among independent stores, the size of store affected the price of chicken meat, especially the price of frozen chicken. The larger the store, the lower the price.

Kinds of chicken offered for sale varied considerably in price. In retail stores, fryers generally have lower prices and lower mark-ups than roasters, although producers of roasters do not receive the same premium over fryers that consumers pay. Retail prices also vary between heavy and light hens. Heavy hens are usually priced from 9 to 18 cents above light hens. This is partly because of differences in supply and partly because of differences in quality.

Although prices varied among stores in the Los Angeles market, average prices for each of the various forms of chicken meat (dressed, live, and cut-up) were closely competitive. This means that, other things being equal, a consumer can buy a chicken in either of these forms and be reasonably sure that it could be obtained in one of the other forms at the same total cost in another store. This fact permits consumers to use nonprice factors such as convenience, habit, and custom, with confidence in deciding which form to buy. From November 1949 to September 1950, average weekly prices of fryers (when converted to an equivalent cost basis for ease in comparison) in the various forms ranged from 55 to 63

cents a pound for cut-up, 58 to 67 cents for dressed, and 52 to 63 cents for live. Average weekly prices for heavy hens ranged from 47 to 55 cents for cut-up, 48 to 54 cents for dressed, and 46 to 51 cents for live. Average weekly prices ranged from 36 to 43 cents a pound for both live and dressed light hens.

Price No Guide to Quality

Prices at individual stores are not reliable guides to quality of chicken meat. The consumer must be quality conscious or she must buy only at service-conscious stores where quality is usually emphasized. Average prices are associated fairly consistently with quality—U. S. Grade A chicken sold for 2 to 4 cents more than U. S. Grade B chicken. But prices for different grades overlap considerably, because of three things: (1) Absence of a uniform grading system at retail; (2) widely different price policies among retail stores; and (3) lack of knowledge on the part of consumers as to the quality characteristics that are desirable.

The study indicated that the significant level of competition at retail is in terms of the whole store, not just in one particular product. Having decided upon a store, shoppers are somewhat indifferent to variation in price of individual commodities among different stores.

A grading system for fryers based on USDA standards was shown to be feasible so far as consumers are concerned and so far as adaptability to retail meat operations is concerned. Tests revealed that consumers have some knowledge of quality characteristics of chicken; they chose Grade A fryers from a display of birds in preference to Grade B fryers. This was true in the first part of each day when the difference between the grades was normal. The ability to differentiate between the grades fell off as the differences between the two grew less.

Many Factors Affect Kinds Sold

The size of a retail store is closely associated with its total volume of chicken meat sold but not with the volume of sales of any one kind or form of chicken meat. Changes in weekly volume of sales of the major kinds of chicken meat appear to be related to five factors:

Advertising, among the five factors apparently was most consistently and definitely related to sales. As the frequency of advertising increases, sales increase. Advertising might be used even more widely and effectively than it was when the study was made.

Relative prices were second in importance. Relatively low prices were associated with increases in sales, but when prices were normal and above normal, sales also varied widely.

Prominence of the display of chicken came next in importance. However, this factor was important only in stores as large as supermarkets. Prominence of display was evidently related somewhat to advertising.

Appearance of the chicken meat displayed was a factor which seemed to affect the weekly volume of sales very little. The effect was not consistent.

Quality of chicken, the fifth factor, was found to be related to sales in two ways. Lower quality may appear with high sales as some stores cut prices and offer lower quality as a result, and secondly a low volume of sales may mean lower quality of chicken meat offered, as turn-over is slow and deterioration may occur before the chicken meat is sold.

Competition between fresh and frozen chicken meat is apparently governed by nonprice factors rather than by differences in price. Some of these factors are quality, convenience in buying, branding, packaging, and availability.

Those interested in improving the marketing of chicken meat would do well to give special attention to two things: (1) The development of uniform standards of quality; and (2) formation of more uniform and descriptive terms for the different kinds of products.

Also, a more effective merchandising program for chicken meat could be brought about if efforts at competition were concentrated at store level rather than at the level of individual products.

Esther M. Colvin
Bureau of Agricultural Economics

Why Don't Farmers Do More To Stop Soil Erosion?

Here Are the Reasons Farmers Give in One Area

MOST FARMERS, no doubt, prefer to keep their top soil rather than have it wash away. But there are hindrances that keep many from following the practices necessary to hold erosion within the reasonable bounds hoped for in soil conservation programs.

Public programs would hold the per-acre loss to not more than 5 tons a year in western Iowa. In 1950 only 11 percent of the farmers in the Ida-Monona area of that State achieved this goal. There were obstacles in the way and farm operators on the average were following only one or two practices which would directly help to control erosion, while usually as many as six practices had been recommended for each farm.

Goals and Accomplishments Studied

In an effort to measure the farmers' success or failure in soil conservation and to analyze the difficulties farmers were experiencing in carrying out a conservation program, the *Iowa Agricultural Experiment Station* and the *Bureau of Agricultural Economics* conducted a cooperative study in the Ida-Monona soil area of western Iowa. In this study agricultural technicians determined a goal in soil losses which was considered necessary to achieve if the productivity of the soil were to be maintained and gullying prevented. This "public goal" was set at a maximum of 5 tons soil loss per acre per year. The "gap" between this goal and what farmers were achieving was measured in 1950.

This gap as measured on 144 sample farms in 10 counties ran as high as 60 tons per acre in some cases, while the average was 21 tons. In addition there were almost two gullies per farm of a size that they could not be crossed by farm machines. Small ditches were also developing that were gradually becoming gullies that would interfere with farming.

Even though only two practices were carried out per farm, recommendations of public programs usually included contouring, high-forage rotations, grass waterways, use of commercial fertilizers, terraces, contour fencing, and contour listing. The first three practices were recommended on at least a part of the land of all farms, while only one-third to one-half the farmers were carrying out these practices. Generally, a combination of a number of practices was needed on a farm rather than just one or two separate practices.

Four Major Obstacles Found

Fifteen obstacles were tested in the study on the basis of farmer opinion and by determining whether the obstacles arrived at in this manner were associated with higher soil-erosion losses on the farms. All 15 were considered obstacles by some farmers in the sample; however, significantly higher soil losses were explained by four of the obstacles. These four major obstacles were: (1) Required change in farm enterprises, (2) rental agreements, (3) mortgage indebtedness and the annual cash outlays for operating and living expenses, and (4) short expectancy of tenure:

The change in farm enterprises required primarily a change from cash crops and grain-consuming livestock (primarily hogs and fattening beef cattle) to roughage-consuming livestock. This would require a major change in the kinds and amounts of livestock kept. As a consequence, 58 percent of the operators considered this a major obstacle. Some did not want to pay the high prices for livestock, others would have to borrow the funds, which they did not care to do, while a few did not care for dairy or beef cattle as a major enterprise. This

obstacle did not appear to be peculiar to tenant farms, small farms, or farms with a low labor supply, as is so often assumed to be the case.

Rental agreements. Forty-nine of the 83 tenant-operators in the sample stated that either the rental agreement or lack of landlord cooperation was a major obstacle. The rental agreements in force seldom provided for sharing the additional costs or benefits of soil erosion control practices. A characteristic of the rental arrangements on farms recognizing this obstacle was the predominance of crop-share rental agreements. Views of landlords will also be obtained in the next step of the study.

Mortgage indebtedness and annual cash outlays for operating and living expenses. Almost one-half of the owner-operators studied had a mortgage debt averaging $3,925. In addition, almost one-fourth of all operators had short-term debts averaging $599 that had to be paid within 2 years. High fixed costs, including payments on mortgages and living expenses kept them from making additional expenditures for erosion control. Some of these operators felt that they would have no trouble in borrowing funds for establishing erosion-control practices, but they felt that the additional mortgage indebtedness could cause them to lose their farms should there by a decline in prices. Their present indebtedness also provided a reason for continued heavy cropping until the indebtedness was removed. Farmers with small acreages and few livestock seemed most handicapped by the pressure for immediate income.

Short expectancy of tenure was given as an obstacle by 41 percent of the farm operators. They were either tenants with rental agreements that did not ensure a long tenure or owner-operators who expected to sell their farms or retire in the near future and did not expect to operate their present farms long enough to realize a return from conservation farming. This obstacle was frequently associated with the smaller farms and with operators who were either along in years and about to sell or retire, or with young men who were not yet well established in farming and who tended to move to another farm each year.

There were two distinct areas in the gap between present erosion-control achievements of farmers and the goal of public programs. The first was between the present level of achievement and the level that farmers seemed willing to strive for. This area was the result of the obstacles discussed and the time lag in adopting new practices. The second area was between what farmers were willing to strive for and the goal of public programs. Only about one-fifth of the farm operators interviewed had objectives as high as those of public programs, which would bring about a soil loss of 5 tons or less. The first area can probably be overcome in time through continued technical assistance in how to overcome these obstacles. On the other hand, the second area may be particularly hard to overcome since it may not be profitable from an economic standpoint for the individual farmer to go that far in many cases. Financial assistance may be necessary here. This is particularly true where expenditures are necessary on one farm to protect other farms.

Is It Partly a Public Job?

Because of the usual shorter period of interest in land by the individual than of the public, their objectives frequently differ. The failure of one farmer to practice conservation on his farm may also cause damage to an adjoining farm or to areas farther downstream through siltation and other damages. Because of these two factors the public interest may often require more conservation than the farmer feels justified in doing.

Progress in the control of soil erosion has been great in the past two decades. However, further progress will come much harder unless satisfactory ways are found for eliminating "road blocks" to conservation farming.

Additional work on this cooperative study will be directed toward finding out more about obstacles to conservation farming under various conditions and what can best be done by the individual farm operators and landlords, as well as by public programs, in overcoming them.

Buis T. Inman
Bureau of Agricultural Economics

To "Small-pack" or Not to "Small-pack" Potatoes ☆ ☆ ☆ Before Shipping

DOES IT PAY to pack potatoes in small consumer-sized packages at the local shipping point? Or is it more profitable to put them in 100-pound bags and repack into small packages when the potatoes reach the terminal market? Obviously the thing to do would be to find out which of the two practices turns out the larger percentage of sound, acceptable potatoes in relation to costs of packing.

The Oregon Agricultural Experiment Station and the Bureau of Agricultural Economics decided to do just that. They made a number of test shipments of late-crop potatoes from Klamath County, Oregon, to the San Francisco Bay area. Six of these shipments were packed in 10-pound mesh bags and seven were packed in 100-pound bags. The two people who were working on the study—G. B. Davis and L. C. Martin—thought these test shipments would show the advantages and disadvantages of the two methods of packing.

When the potatoes shipped in the 100-pound bags had been repacked into 10-pound mesh bags and 100-pound baker units at the terminal market, they were inspected in the same way as the potatoes that had been packed in 10-pound bags at the shipping point.

What did this inspection show? For one thing, it showed that the potatoes repacked in consumer-sized bags at the terminal market had a few more defects than those packed in 10-pound bags at the shipping point. The inspection didn't count the defective potatoes that were thrown out during repacking or the defective ones that may have been packed with the good potatoes in the 100-pound baker units.

If those defective potatoes had been counted in, the potatoes shipped in 100-pound bags and repacked at the terminal market would have had 1.6 pounds more grade defects and 1.8 pounds more nongrade defects, or 3.4 pounds more total defects in each 100 pounds than the potatoes packed in 10-pound bags at the shipping point.

Some of the defective potatoes from the repacking operation were sold at a reduced price and were not a total loss.

Packing Costs Compared

The comparative labor and materials costs were studied. At the shipping point, costs were obtained for packing 10-pound bags in warehouses and 100-pound bags in farm cellars. At the terminal market, repacking operations studied were small ones carried on in connection with wholesale produce stores. Repacking was usually done by three regular employees, who repacked potatoes at odd times when they were not busy with their regular jobs. Additional labor was hired when the three could not repack enough potatoes in the time available.

Costs of packing 10-pound mesh bags at shipping point and at terminal market are shown below. Prevailing wages were used to figure the costs of labor.

Cost item	Shipping point packed	Terminal market repacked
	Per 100 lb.	*Per 100 lb.*
LABOR COSTS AT SHIPPING POINT:		
Packing 100-lb. bags for repacking	----------	$0.07
Packing 10-lb. mesh bags (baled)	$0.19	----------
LABOR COSTS AT TERMINAL MARKET:		
Handling from car to wholesale store, within store, and from store in retailer's truck	.19	.22
Repacking into 10-lb. mesh bags (unbaled)	----------	.22
Packaging materials, including allowance for salvage	.85	.86
Total	1.23	1.37

Thus the average cost of repacking at the terminal market was 14 cents more than packing at shipping point. However, the repacker seldom charges the full cost of repackaging to that operation; therefore, any increase in value added to potatoes through repacking is considered a gain, because it is a means of utilizing labor paid for on a daily or weekly basis.

The authors concluded that advantages to neither the shipping-point packer nor the terminal market repacker were great enough to keep the other from packing and selling consumer-sized bags of potatoes in a competitive market.

Esther M. Colvin
Bureau of Agricultural Economics

A Letter

TO CROP REPORTERS

WHEN I WAS a county agent and one of the directors of a cooperative marketing association, we used to talk a lot about putting "some business" into our farming operations. I don't remember now all that we meant, but we had some vague idea that magic could be wrought if we could just get some business in our methods.

One thing I do remember was that whenever we had a meeting of the Board of Directors a big argument would start up, first thing about our own volume and the competing volume. There were lots of ideas and frequently none of them were very good. Of course, everyone wanted a better price, and we griped at our manager sometimes for not doing a better job of selling. He would come back with lots of answers . . . about such things as competing supplies, stocks, and buyers' demands.

Looking back 25 years, I guess some of his answers were just about as good as some of our screwy ideas were. Anyway, 25 years ago we didn't have anywhere near enough information on most of the factors that were affecting our market. It all boiled down to one basic fact. We were trying to sell something and we didn't really know how much we had and we didn't know how much the other fellow had.

Now just look at it. Wouldn't a fellow be in a fix, if he went out to sell something today and didn't know exactly what or how much he had to sell? I got pulled into a deal back about 1929 to help out a growers' association that periodically oversold or undersold itself on some grades and sizes of apples. They frequently had contracts, or were out peddling distress goods. The thing that I still remember vividly is the serious mess one can get into by being very short or very long on a deal of that sort.

A so-called businessman would be a "has been" pretty quick if he tried to operate without knowing basic things like total supplies, where the supply is located, and the condition of the commodity. Oh, there are a lot of other things too but he has got to start with these basic facts.

Now farming has long since passed the small business, corner-grocery-store stage. My son came back from his grandfather's farm a year or two ago and reported to his mother that grandfather was "really rich." He had two manure spreaders, tractor, truck, side-delivery rake, hay loader, plows, 35 cows, milking machine, and—well, I'm not going to inventory the place, but after a couple of years working on a farm my son had begun to realize what a business enterprise a farm really is.

What I'm getting down to is just this, a farmer is no more able to carry on a successful business—ignoring all of the many forces that are at work to influence his market—than any other businessman. The Crop and Livestock Reporting Service was started by farmers over 100 years ago to supply the basic information necessary to do an intelligent job of marketing. Times are different now but the basic facts are the same. If you intend to do a really good job all the way through you must have good basic information on supplies, stocks, prices, etc. How do you get this information? By exactly the same methods proposed by the farmer-founders of this Service, exchanging the information among farmers all over the country.

The schedules you receive are just that. We, of the Crop and Livestock Reporting Service, are simply the mechanics by which this is made possible. The schedule you fill out is combined with thousands of others filled out by farmers and the totals analyzed and summarized for your use and the use of your associations. Of course, the figures you give for your farm or business are never disclosed to anyone. It is the combined total in which we are interested.

It takes only a few minutes to fill out the crop schedules and the information you get back is valuable to you.

S. R. Newell, Chairman
Crop Reporting Board, BAE

Right Attitudes Can Make this Item Wrong

ON THE BASIS of past records, these things will happen in the next 12 months, *unless farm residents adopt right attitudes:*

- Accidents will kill 41 farm residents a day.
- Every 24 seconds a disabling injury will strike a farm resident.
- One out of 19 farm residents will suffer a disabling injury.
- About 6,000 farm residents will be killed and over 200,000 injured in motor vehicle accidents.
- About 4,000 farm residents will be killed in work accidents.
- One out of six farms will be the scene of an accidental injury.
- A total of 15,000 farm residents will die in accidents and over a million others will be injured.

Farm Safety Week
July 20–26

"It is ironic that man should invent machinery to liberate himself and then get caught in the gears. This means that our attitude toward farm safety has not kept pace with our ability to design machines * * * I urge all farm residents to observe National Farm Safety Week—July 20–26—by resolving now to adopt right attitudes toward safety."

—Charles F. Brannan
Secretary of Agriculture

Outlook Highlights

(*Continued from page 2*)

rate of production per cow has been no greater than a year earlier and the current year began with 1 percent fewer cows on farms.

There is little likelihood that the annual rate of milk production will expand significantly in the remainder of 1952. Total production for the year as a whole probably will be in the neighborhood of 115 billion pounds, lowest since 1941, except for the 112.7 billion produced in 1948.

Poultry and Eggs

Prices of eggs and chickens were very low in mid-May in relation to farmers' costs for producing these commodities. The low prices and high costs account for the current cutbacks in the hatching of baby chicks for replenishment of laying flocks and for broilers. The reductions in hatchings will not adversely affect egg supplies until 1953. The effect upon broiler supplies will become apparent about 3 months hence. At that time, however, marketings of chickens from farm flocks will be seasonally large.

Livestock and Meat

Prospects still are for less increase over last year in livestock slaughter during the second half of this year than in the first half. Cattle slaughter will continue larger than in 1951 but hog slaughter will be smaller. If demand for meat remains strong, the outlook for slaughter points to generally well maintained prices. Cattle prices, now a little below last year, will probably continue below. Prices of fed cattle may be nearer last year's level than will prices of grass cattle. Prices of hogs may trend upward until early fall and then decline seasonally no more than usual, averaging as high or higher than last fall.

Fats and Oils

Prices of edible vegetable oils and lard rose in May, the first increase of the 1951–52 crop year. This may reflect the possibility that prices had dropped too low in April . . . trade reaction to the anticipated announcement of CCC's cottonseed products purchase program; and a decline in hog slaughter, and in lard production.

After a long decline beginning early in 1951, prices of inedible tallow and

greases pressed upward in the latter part of April and in May. Exports have been large and some increase in domestic disappearance may now be taking place. Stocks, although large, have been declining in recent months.

Fresh Market Vegetables

Prices received by farmers for cabbage, cantaloups, onions, and green peppers this summer are expected to average a little higher than a year earlier unless yields for these crops are much higher than last year. Prospective acreages of these crops for summer harvest are slightly smaller than acreages harvested last summer.

Vegetables For Processing

Commercial canners and freezers probably will pay growers this year prices which in general may average a little lower than last year. Because of relatively large inventories, a somewhat smaller tonnage may be contracted by many processors this year. Prices offered under contract also may average somewhat lower than prices paid last year.

Early reports of processors' plantings and intentions to plant indicate the probability of lower acreages for processing this year for green lima beans, snap beans, beets, and tomatoes. Increased acreages are indicated as likely

(Continued on page 16)

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	Average		May 15, 1951	April 15, 1952	May 15, 1952	Effective parity price May 15, 1952 [2]
	Base period price [1]	January 1947–December 1949				
Basic commodities:						
Cotton (pound)—cents	[3] 12.4	31.22	42.45	37.30	36.08	34.35
Wheat (bushel)—dollars	[3] .884	2.14	2.11	2.18	2.13	2.45
Rice (cwt.)—do	1.95	5.38	5.67	5.35	5.53	5.64
Corn (bushel)—do	[3] .642	1.64	1.64	1.68	1.70	1.78
Peanuts (pound)—cents	[3] 4.8	10.2	11.0	10.3	10.4	13.3
Designated nonbasic commodities:						
Potatoes (bushel)—dollars	[4] 1.12	1.60	1.09	2.31	2.64	[5] 1.73
Butterfat in cream (pound)—cents	26.7	71.2	69.5	73.6	71.6	77.2
All milk, wholesale (100 lb.)[6]—dollars	1.68	4.42	4.26	4.60	[7] 4.43	4.86
Wool (pound)—cents	20.9	46.0	105.0	49.9	51.0	60.4
Other nonbasic commodities:						
Barley (bushel)—dollars	[3] .619	1.37	1.28	1.31	1.28	[5] 1.45
Cottonseed (ton)—do	26.40	71.60	[8] 101.00	[8] 60.80	[8] 60.80	76.30
Flaxseed (bushel)—do	1.65	5.54	4.16	3.64	3.62	4.77
Oats (bushel)—do	[3] .399	.852	.889	.871	.822	[5] .944
Rye (bushel)—do	.587	1.82	1.61	1.65	1.65	1.70
Sorghum, grain (100 lb.)—do	[3] 1.21	2.53	2.22	2.56	2.60	[5] 2.85
Soybeans (bushel)—do	1.00	2.84	3.13	2.72	2.77	2.89
Sweetpotatoes (bushel)—do	.902	2.36	2.09	4.16	4.33	2.61
Beef cattle (100 lb.)—do	7.36	20.20	29.70	27.80	27.90	21.30
All chickens (pound)—cents	[9] 11.3	29.3	[9] 29.0	[9] 26.0	24.3	32.7
Eggs (dozen)—do	[3] 21.5	46.6	[9] 45.2	35.2	34.2	[5] 50.7
Hogs (100 lb.)—dollars	7.49	21.90	20.40	16.40	20.00	21.60
Lambs (100 lb.)—do	8.09	21.90	32.50	26.40	26.30	23.40
Veal calves (100 lb.)—do	8.21	22.60	33.00	31.10	31.20	23.70
Oranges, on tree (box)—do	[4] 2.29	1.23	1.92	.92	1.13	[5] 3.54
Apples (bushel)—do	.991	2.39	1.83	2.57	2.84	2.86
Hay, baled (ton)—do	[3] 11.87	22.40	22.90	24.80	23.40	[5] 28.00

[1] Adjusted base period prices 1910–14, based on 120-month average January 1942–December 1951 unless otherwise noted.

[2] Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.

[3] 60-month average, August 1909–July 1914.

[4] 10-season average 1919–28.

[5] Transitional parity, 85 percent of parity price computed under formula in use prior to Jan. 1, 1950.

[6] Prices received by farmers are estimates for the month.

[7] Preliminary. [8] Relatively insignificant quantities sold for crushing. [9] Revised.

Year and month	Industrial production (1935–39=100)[1]	Total income of industrial workers (1935–39=100)[2]	Average earnings of factory workers per worker (1910–14=100)	Wholesale prices of all commodities (1910–14=100)[3]	Index numbers of prices paid by farmers (1910–14=100)			Index numbers of prices received by farmers (1910–14=100)			
					Commodities	Wage rates for hired farm labor[4]	Commodities, interest, taxes, and wage rates	Livestock and products			
								Dairy products	Poultry and eggs	Meat animals	All livestock
1910–14 average	58	50	100	100	100	100	100	100	100	100	100
1915–19 average	72	90	152	158	149	147	148	147	153	162	157
1920–24 average	75	122	221	160	159	181	168	159	163	121	140
1925–29 average	98	129	232	143	151	184	161	161	155	145	152
1930–34 average	74	78	179	107	117	121	124	105	94	83	91
1935–39 average	100	100	199	118	124	121	125	119	108	117	115
1940–44 average	192	237	315	139	148	211	152	169	145	166	162
1945–49 average	186	317	431	204	219	407	229	264	213	291	265
1950 average	200	369	516	236	246	425	255	247	181	340	278
1951 average	220	425	566	263	271	470	281	284	226	411	335
1951											
May	222	424	562	267	272	--------	[5] 282	270	221	418	335
June	221	429	567	265	272	--------	282	269	217	422	335
July	212	420	560	262	271	475	282	272	222	414	332
August	217	426	561	260	271	--------	282	277	231	416	336
September	218	429	571	259	271	--------	282	283	247	411	337
October	218	425	570	260	272	476	283	294	247	410	340
November	219	426	575	260	274	--------	284	305	249	387	332
December	218	435	587	260	273	--------	284	314	233	379	328
1952											
January	[5] 221	[5] 429	585	254	275	498	287	316	200	376	320
February	222	[5] 429	[5] 584	253	276	--------	288	317	181	377	317
March	[5] 220	430	586	252	275	--------	288	305	177	372	310
April	216	--------	--------	251	276	510	289	291	180	372	306
May	--------	--------	--------	--------	276	--------	289	281	175	394	313

Year and month	Index numbers of prices received by farmers (1910–14=100)									Parity ratio[6]
	Crops								All crops and livestock	
	Food grains	Feed grains and hay	Tobacco	Cotton	Oil-bearing crops	Fruit	Truck crops	All crops		
1910–14 average	100	100	100	100	100	100	--------	100	100	100
1915–19 average	193	161	183	175	201	126	--------	171	164	111
1920–24 average	147	125	189	197	155	157	[7] 152	162	150	89
1925–29 average	141	118	169	150	135	146	145	143	148	92
1930–34 average	70	76	117	77	78	98	104	84	88	71
1935–39 average	94	95	172	87	113	95	95	99	107	86
1940–44 average	123	119	241	138	170	150	164	145	154	101
1945–49 average	222	205	377	240	289	216	206	234	250	109
1950 average	224	187	402	280	276	200	185	232	256	100
1951 average	243	220	436	335	339	193	239	264	302	107
1951										
May	244	223	438	357	380	194	239	271	305	108
June	240	217	438	353	358	200	189	263	301	107
July	236	213	438	329	317	175	204	252	294	104
August	234	215	430	291	294	207	181	244	292	104
September	233	216	423	283	288	201	161	239	291	103
October	239	219	445	304	296	188	171	[5] 247	296	105
November	249	224	424	345	307	172	249	267	301	106
December	253	233	440	339	309	177	331	280	305	107
1952										
January	251	234	431	325	303	171	337	277	300	105
February	249	230	436	313	296	168	217	259	289	100
March	251	229	435	309	284	176	265	265	288	100
April	250	229	435	313	279	179	308	272	290	100
May	245	227	436	303	280	190	285	270	293	101

[1] Federal Reserve Board: represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

[2] Computed from data furnished by Bureau of Labor Statistics and Interstate Commerce Commission on payrolls in mining, manufacturing, and transportation; monthly data adjusted for seasonal variation. Revised January 1950.

[3] Bureau of Labor Statistics.

[4] Farm wage rates simple averages of quarterly data, seasonally adjusted.

[5] Revised.

[6] Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis.

[7] 1924 only.

Outlook Highlights

(*Continued from page 14*)

for contract cabbage, sweet corn and cucumbers.

Citrus Prices

Prices paid growers for Florida oranges delivered to concentrating plants during February through mid-May have averaged only about half the prices paid in the same period of 1951. With retail prices for frozen orange concentrate also much lower this winter and spring than a year earlier, consumption has been considerably larger. As supplies of both oranges and grapefruit—mostly from California—become seasonally smaller this summer and are marketed mainly for fresh use, grower prices for these two fruits can be expected to increase somewhat.

Feed Prospects

Prospects for 1952 feed crops were generally favorable this spring. Preparation of land and planting of corn has progressed rapidly and is well ahead of a year ago. Condition of hay crops and pastures was unusually good over most of the country. The near record hay supply in prospect on May 1 will provide ample hay for the increasing number of roughage-consuming livestock on farms.

The use of feed grain in the first half of the current feeding season was the heaviest in recent years, and the carry-over at the end of the season probably will be about one-third smaller than at the end of the 1950–51 season.

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